

**ICFTU-APRO
Economic Conference**

**Unionisation and Structural Reform of Trade
Unions**

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1 Introduction

Delegates, Colleagues

Thank you for this opportunity to address the ICFTU-APRO Economic Conference. The Australian trade union movement recognises that the 1990s is an important decade for the survival of unions not only in our country but throughout the region.

As an introduction to this session on the structural reform of trade unions I would like to outline how the ACTU is undergoing restructuring to meet the economic challenges of the decade in Australia and what we propose to assist unions strengthen their position throughout the Asia-Pacific region.

I would like to start with the region itself. It is an exciting decade for Australia as our economy builds on its already substantial integration into the Asia-Pacific region - which is the fastest growing economic region in the world and will continue to be so through to the 21st century.

2 The Asian Pacific Economy

The Asia-Pacific has quite clearly been the engine of the world's economic growth in the last decade. For example just taking the economies of Thailand, Malaysia, Indonesia, Taiwan and the Republic of Korea alone, you have a market of 330 million people with a combined GDP of \$US700 billion - which is two and a half times bigger than Australia's and is predicted to grow by 7% this year and the next.

Just a simple look at Australia's trade figures shows how much has changed in the past two decades with respect to our economic relationship with this region.

In 1971/72 Australia exported 5.3% of its total exports to this group. In 1991/92 the total share had risen to 17%. Likewise, in terms of imports 2.5% of total imports came from this group in 1971/72 whilst in 1991/92 it has grown to 11%.

Importantly for Australia, we have maintained a positive trade balance with the region over this period of rapid expansion. It is expected that the rapidly growing economies of the region will continue to demand more Australian exports (including raw materials, elaborately transferred manufacturing (ETM's) and services) whilst at the same time pursuing export markets of their own.

Whilst Australia has traditionally relied on its natural resource base for its exports to the region there are major changes occurring. Other markets will open up as a source of supply (such as South Africa and South America) and Australia must continue to diversify its export base. The Federal Government commissioned 'AMC/McKinsey Report' has highlighted the emergence of a new group of small and medium sized enterprises producing high value added manufactures to the Asian Region. Exports of ETM's have been growing strongly with their share of total exports rising significantly. For the McKinsey survey of 700 small and medium sized enterprises the ETM share of total exports rose from 11.5% to 14.4% between 1986-87 and 1990-91 representing a value of \$9.39 billion in 1990-91. Developments of this new group of emerging exporters will foster a continued expansion of Australian trade in the region.

Whilst the economic growth of the region is an exciting prospect it is important for unionists to ask - what is its purpose? After all, opening up trade and removing international impediments to the flow of commerce is only beneficial if it raises living standards of working men and women. As noted by the ICFTU in reference to the Havana Charter of 1948:

"The 'trickle down' theory of trade policy does not work. There are no automatic mechanisms by which increased exports lead to improved wages and conditions ...

Increased exports do provide the resources for improvements but only trade unions through collective bargaining or governments through adequately enforced labour laws can ensure that increased trade does really lead to higher standards of living."

The Australian union movement is actively assisting companies to develop competitive, export orientated industries. However, we are doing this to ensure that the benefits are shared with the Australian workforce.

Likewise the Australian union movement supports the efforts by our union counterparts in the region to ensure that the benefits of economic and trade expansion accrue to working people.

The role of ICFTU-APRO is essential to this process and the ACTU fully supports their role.

This is a key part of our response to international economic integration. Essentially the Australian union movements strategy takes place on two fronts. The first relates to our participation in the region with our union counterparts in each country either directly or through the ICFTU. The second arises from structural reforms in Australia, aimed at allowing the union movement to play a key strategic role in the internationalization of the Australian economy.

3 International Strategy - Union Co-operation in the Region

I want to make it clear at the outset that despite the emerging economic integration of the region, there is a great diversity amongst nations in the Asia Pacific. The ACTU respects each nation's different culture, tradition, history and values. There is no way that the ACTU would ever attempt to impose or translate our Australian practices, cultures etc. to nations in the region. Having said that, the ACTU is part of the international workers' movement and will give support through international organisations, ie. like the ICFTU, and through bilateral links with national union bodies.

There are different ways in which the ACTU gives support to unions and workers in the Asia-Pacific region. There are potentially many more areas that the Australian union movement can have involvement. Making the most of our scarce resources to support our international counterparts is a high priority of the ACTU.

health and safety is considered to be one of the most important services that Australian unions provide to workers. First rate delivery of these services will continue to be of high priority in Australia and we wish that this will extend to countries in the region. Indeed occupational health and safety is a key part of the ILO technical co-operation program and it must remain a priority.

I have covered the existing areas of support. Other areas will have potential as Australian unions provide a more sophisticated range of services, this includes superannuation/pensions, health services, legal assistance, financial services, and economic research. Legislative assistance can be made more use of given that it is legislation that can provide the foundation for protection of workers' rights and free trade unions.

Economic research is becoming of increased importance to unions. This will become more sophisticated and internationally based as the economics of Asia-Pacific become more integrated. There is great potential for inter-union co-operation across countries in terms of economic research.

Support for workers rights is central to our involvement in the region. Of course the ACTU supports the ICFTU's work for the recognition of free independent trade unions. This is vitally important in a world where infringement of trade union and human rights is commonplace. I note the proposal by the ICFTU for a 'social clause' to ensure that there be an established standards of workers rights in trade agreements (such as the GATT Agreement). I note that this has caused some fear amongst ASEAN labour ministers who are aware that a social clause will impose the standards of the industrialised world on the industrialising nations. It is seen in such eyes as a means of protecting the richer countries rather than the poor.

On the issue of the social clause, I want to make just two points.

First, the ACTU does not intend to simply support imposing developed country wages and conditions on developing country employers. This is not realistic nor is it likely to

assist the workers in poorer countries. The process of economic development should ensure that living standards will rise provided that there are forces, such as free trade unions, to ensure equity as well as efficiency criteria being met in growing economies.

Second, whilst the ACTU does not want to impose conditions on other countries we are a member of the international workers' movement and have obligations to support the rights of workers to join unions and fight for improved labour standards. It is important to remember that labour standards in certain cases must be universal and cross national and cultural barriers. For example, take occupational health and safety. The terrible tragedy of the toy factory in Bangkok burning down just 2 months ago reminds us how important safety standards are.

It makes us ask what are our priorities - is development worth it at any cost? Some standards must be internationally applied. For example, a certain chemical is dangerous if it is handled by workers in developing and industrialised countries, ie. chemical X is dangerous if it is handled by a Thai, an Indonesian or an Australian worker. This is what international standards and the need for a social clause is all about. Safety standards are not there to protect Australia or American workers from developing countries, they are there to protect all workers. That is why I think a social clause acceptable to all affiliated bodies of the ICFTU-APRO should be considered. We support discussion in a rational, consensual process on this matter so that it will provide benefits for workers in countries at all stages of economic development.

4 Australia's Union Reforms

I now wish to refer you to what Australia is doing domestically. The Australian union movement in the 1990s is facing a difficult environment on a number of fronts. On the legislative side, the ICFTU's 1993 'Annual Survey of Violations of Trade Union Rights' makes familiar to you all the anti-union legislation of the Victorian State Government. Fortunately federal legislation, making use of ILO conventions, has allowed most Victorian workers to 'escape' from the legislative attacks of the State Government.

On the economic side, Australia still has an unacceptably high level of unemployment. The ACTU's Accord with the Federal Labor Government has since its inception in 1983 insisted that employment growth be the major objective of economic policy. The Accord "Mark VII" - the current agreement - undertakes to 'put jobs first' with a target of 500,000 jobs over three years. The Accord's pro-employment emphasis was successful in the 1980s when Australia experienced the highest rate of job growth in the OECD. It is hoped that we can repeat that in the 1990s.

The Australian trade union movement has been committed to these employment goals over the past decade and will continue to support macroeconomic policies that restore Australia to high employment levels. We have also framed our policy to ensure that Australia's inflation rate remains below our major trading partners and that Australia continues to improve our international competitiveness.

Despite the employment and population growth experienced over the last decade, Australia's union density has fallen. This is a result of deregulation and structural change in the economy. It has forced Australian unions to make changes in order to meet the needs of the workforce of the future.

The decline in union density in Australia is quite clear from official statistics. The proportions of Australian employees in unions has declined from 51% to 39.6% between 1976 and 1992. The rate of decline was fastest in the mid 1980s but has slowed considerably since 1988. The number of employees who are members actually increased by 146,900 between 1976 and 1990 but declined by 150,800 in the two years that followed. Essentially, union membership has remained static despite 1.8 million jobs being created in the economy between 1976 and 1992. Other key observations include:

- a sharp decline in private sector union membership
- a decline in male membership being only partially offset by growth in female membership, the growth area of employment
- recruitment has been low in areas of expanding employment (except in mining)
- young workers are not joining unions

To respond to these developments, the ACTU released a major policy document 'Future Strategies for the Trade Union Movement' in 1987 proposing a series of strategic amalgamations. This was endorsed at the 1987 ACTU Congress. This year following the Federal Election, the ACTU 'Future Directions' paper was released to consider restructuring of the ACTU itself and its state branches. It concentrated on the new services unions will provide to members. I have dealt with these services in the international context but will explain the amalgamation process in more detail.

At the time the Future Strategies document was formed, Australia had over 300 unions. It was proposed that in order to rationalise the union movement's resources that strategic amalgamations occur to reduce the number to 17-20 along broad industry lines. The amalgamations have taken place at a rapid rate and it is expected that the target number of unions will be reached by the end of 1993. It must be noted that amalgamations were undertaken by democratic ballot (at least two were rejected) and were financially supported by the Federal Government on the grounds that a more efficient national union structure was an essential part of economic reform for Australia.

The new unions will cover a large part of each major industry (if not all in some cases) allowing better scope for greenfield sites and more efficient bargaining at the enterprise level.

The objective of the amalgamations is to provide sufficient 'economies of scale' in financial and human resources to permit the union movement to better service its membership. National unions will cover for example:

- distribution, warehousing and manufacturing,
- education,
- finance,
- health,
- public transport, and
- building and construction.

The amalgamations have taken place alongside a devolution of power from the ACTU and its state branches to its affiliates. This is in keeping with the movement from a centralised to a decentralised enterprise based pattern of bargaining. In the 1993 Future Directions document the ACTU introduced proposals for its own restructuring - including the executive, and the way Congress operates. It also contains proposals to increase the numbers of female representatives on the ACTU Executive in line with labour force patterns and alters industry representation to reflect the amalgamations and changes in Australia's industrial structure and employment patterns. These changes will allow the union movement to better reflect the workforce of the 1990s and on to the 21 century.

It is intended that the amalgamations and ACTU restructuring will give a devolved union movement more scope to provide an improved service to the membership. Whilst the core of our service will deal with being effective representatives in enterprise bargaining over wages and conditions, it is clear that other services will continue to be important including:

- occupational health and safety,
- economic research,
- family related services, and
- legal advice

In essence some of these services (such as occupational health and safety and child care) have become an important part of what is negotiated for the workforce at an enterprise level. In addition, having the existing unionised workforce better served, allows resources to be devoted to recruitment in non-unionised areas. Organising and recruitment are crucial to the Australian union movements future, if anything its long-term survival.

Conclusion

In conclusion, I hope I have been able to share some of the lessons of the Australian experience with you and I expect this session of the conference entitled 'Unionisation

and Structural Reform of Trade Union' to be a vigorous one. The Australian unions have some tough times ahead but our reform process will at least enable us to use our resources effectively. However, I do not propose the Australian reform process as a 'model' for all countries. Every national movement is a creation of its own history and with the diversity of nations in the Asia Pacific region, it is important to respect our differences whilst achieving strength through co-operation. Yes share our experiences but put our own reform processes in place.

The ACTU as a member of the international workers' movement will support the efforts of the ICFTU in this region and will work to see that the economic opportunities emerging from this fast growing region will be accompanied by rising living standards and the extension of democratic rights in the workplace.

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